

Walmart dominates the grocery market. Can it conquer pet services too?

Article

The news: Walmart is opening a dedicated pet services facility that will offer veterinary care and dog grooming in an Atlanta suburb, per CNBC. The center will have its own dedicated entrance next to the store.

- Although the retailer considers the center a pilot, it expects to open several more pet services locations by next year.
- The pet services center will carry the Walmart name, but employees of vet care and pet product company **PetIQ** will staff it.

The expansion into pet services comes at a time when roughly two in three consumers (66%) own a pet, per the American Pet Products Association, and pet owners (or pet parents, as some refer to themselves as) are increasingly treating them (and spending on them) like family members.

The landscape: Our [forecast](#) expects pet product sales to grow 6.6% to \$78.34 billion. But growth is on a downward trajectory since peaking at 27.0% in 2021 during the height of pandemic-fueled pet boom.

- **Petco CEO Ron Coughlin** suggested earlier this year that the pet supplies industry was “[resilient to inflation](#)” because pet owners continue to need to feed and care for their charges even when prices rise. But the category isn’t immune to economic pressure as several pet-related retailers, including Petco and **Chewy**, recently noted a growing share of customers trading down to lower-priced foods.
- Coughlin’s comments may have been truer of pet services given that most consumers will continue to take their pets to the vet and get them groomed to keep them healthy, even if they hold off buying another toy or expensive treat.
- That point isn’t lost on Walmart. **Kaitlyn Shadiow**, vice president of merchandising for pets for Walmart U.S., pointed CNBC to a Morgan Stanley study that found that about 40% of total pet industry revenues are driven by high-margin services.

The strategy: Walmart has long used [low-margin groceries](#) to drive consumers into its stores (or, increasingly its website and/or app) on a regular basis.

- Pet services can serve a similar purpose given that pets regularly need their nails clipped and coats groomed.
- The retailer already stocks top pet medications at its Walmart pharmacies and offers [pet telehealth](#) visits as part of its Walmart+ subscription service.

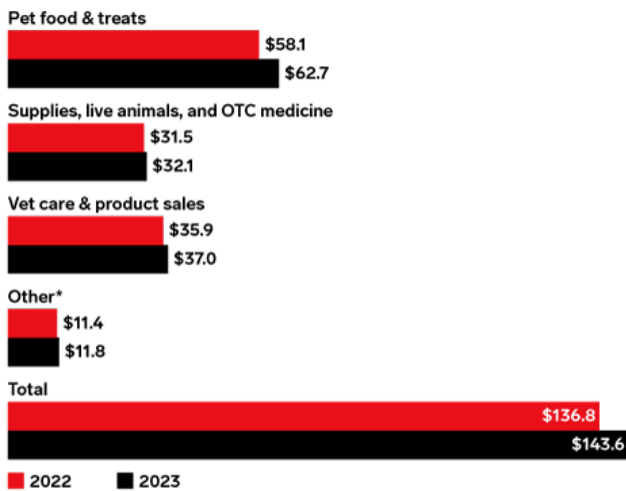
The big takeaway: Walmart is far from alone among retailers taking note of that trend. Over the past few years, **Kohl's** added pet items in some stores, **Lowe's** expanded its **Petco Health and Wellness** shop-within-a-shop, and **Petco** rolled out a new concept aimed at serving small towns and rural communities.

- But given its vast array of products, Walmart is uniquely positioned to leverage its pet-related offerings, using services to draw in new customers whose spending can stretch far and wide.

Go further: Listen to a recent pet industry-focused episode of our [“Behind the Numbers: Reimagining Retail”](#) podcast.

US Pet Industry Sales, by Category, 2022 & 2023

billions



Note: 2023 figures are estimates; *include boarding, grooming, insurance, training, pet sitting and walking, and all services outside of veterinary care
Source: American Pet Products Association (APPA), March 23, 2023

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